

RENEWABLE FUELS STANDARD

-GETTING BACK ON TRACK-

US ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF TRANSPORTATION AND AIR QUALITY

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KEY FACTS, GOALS AND TIMELINE

- **EPA ESTABLISHED STATUTORY VOLUMES UP THRU 2013**
- **2014 BROUGHT A NUMBER OF NEW ISSUES EPA COULD NOT IGNORE**
 - FOR THE FIRST TIME, EPA PROPOSED ADJUSTMENTS TO THE TOTAL RENEWABLE FUEL AND ADVANCED BIOFUEL STANDARDS TO ADDRESS THESE MARKET ISSUES
- **EPA PROVIDED A STRONG INDICATION THAT THIS WOULD LIKELY BE THE CASE WHEN THE FINAL 2013 RFS RULE WAS ISSUED IN AUGUST 2013**
- **EPA'S STATED INTENTION WAS TO PUT THE RFS PROGRAM ON A MANAGEABLE TRAJECTORY THAT WILL SUPPORT CONTINUED GROWTH IN RENEWABLE FUELS**
- **KEYS ISSUES INCLUDED:**
 - CHALLENGES WITH SUPPLYING MORE ETHANOL TO THE MARKET THAN CAN BE PROVIDED THROUGH BLENDING OF 10% ETHANOL IN GASOLINE (E10) - BLENDWALL
 - AVAILABILITY AND CONSUMPTION OF OTHER BLENDS OR FUEL TYPES
 - AVAILABILITY OF ADVANCED BIOFUELS
 - CELLULOSIC
 - OTHER ADVANCED

REFLECTION: THEN TO NOW

- **THE 2014 RULEMAKING PROPOSED VOLUME REQUIREMENTS FOR THE RFS PROGRAM OUTLINED A POTENTIAL PATH FORWARD FOR 2014 AND BEYOND**
- **THE PROPOSAL, ISSUED NOVEMBER 2013, WAS THE STARTING POINT IN SEEKING INPUT FROM THE PUBLIC**
 - EPA HELD A PUBLIC HEARING DECEMBER 2013 – 14 HOURS OF TESTIMONY
 - COMMENT PERIOD CLOSED AT THE END OF FEBRUARY 2014
- **THE PROPOSAL OFFERED A NUMBER OF APPROACHES AND RANGES OF VOLUMES IN SETTING THE 2014 STANDARDS**
- **STAKEHOLDERS WEIGHED WITH WELL OVER 340,000 COMMENTS**
- **DECEMBER 2014: AGENCY ANNOUNCED INTENTION TO TAKE ACTION ON 2014, 2015 AND LIKELY 2016 IN 2015**
- **CONSENT DECREE ANNOUNCED LAST FRIDAY**

2013 FINAL STANDARDS

Volumes Used to Determine the Final 2013 Percentage Standards^a

Cellulosic biofuel	6 mill gal
Biomass-based diesel	1.28 bill gal
Advanced biofuel	2.75 bill gal
Renewable fuel	16.55 bill gal

^aAll volumes are ethanol-equivalent, except for biomass-based diesel which is actual.

Final Percentage Standards for 2013

Cellulosic biofuel	0.004%
Biomass-based diesel	1.13%
Advanced biofuel	1.62%
Renewable fuel	9.74%

“PROPOSED” 2014 VOLUMES

Table 1
Volumes Used to Determine the Proposed 2014 Percentage Standards

Category	Volume ^a	Range
Cellulosic biofuel	17 mill gal	8-30 million gallons
Biomass-based diesel	1.28 bill gal	1.28 billion gallons ^b
Advanced biofuel	2.20 bill gal	2.0-2.51 billion gallons
Renewable fuel	15.21 bill gal	15.00-15.52 billion gallons

^aAll volumes are ethanol-equivalent, except for biomass-based diesel which is actual

^bEPA is requesting comment on alternative approaches and higher volumes

Table 2
Proposed Percentage Standards for 2014

Cellulosic biofuel	0.010 percent
Biomass-based diesel	1.16 percent
Advanced biofuel	1.33 percent
Total renewable fuels	9.20 percent

CHALLENGE AND JOB 1: SETTING THE EISA RFS2 STANDARDS EACH YEAR

- **EPA SETS EISA STANDARDS EVERY YEAR**
 - BASED ON PROJECTED GASOLINE / DIESEL PROJECTIONS
- **FORMULA USED PER REGULATIONS TO DETERMINE THE 4 OBLIGATIONS IN TERMS OF A PERCENTAGE OF PRODUCTION AND EISA VOLUME STANDARDS APPLIED FOR EACH CATEGORY**
- **PROPOSAL – SETTING FOLLOWING YEAR RFS2 VOLUME STANDARDS**
 - EISA VOLUMES CONVERTED INTO PERCENT OF GASOLINE AND DIESEL PRODUCTION EXPECTED FOR FOLLOWING YEAR
 - STANDARDS THAT APPLY TO REFINERS, IMPORTERS, GASOLINE BLENTERS
 - CELLULOSIC STANDARD SET BASED ON EIA PROJECTIONS, OUR MARKET ASSESSMENT AND INFO THROUGH NOTICE AND COMMENT
- **BIOMASS-BASED DIESEL STANDARD**
 - EPA MUST DETERMINE THE APPLICABLE VOLUME OF BBD 14 MONTHS PRIOR TO THE YEAR IN WHICH THE VOLUME WILL BE REQUIRED – MINIMUM OF 1 BILLION GALLONS IN 2013
- **FINAL STANDARDS --- NOVEMBER 30TH BY LAW**

“THIS IS A TON OF WORK”

CONSENT DECREE

- **THE AMERICAN PETROLEUM INSTITUTE (API) AND THE AMERICAN FUEL AND PETROCHEMICAL MANUFACTURERS (AFPM) FILED SUIT OVER THE DELAYS IN THE AGENCY ISSUING THE ANNUAL STANDARDS BY THE STATUTORY REQUIRED DATES**
- **APRIL 10: EPA ANNOUNCED A PROPOSED SETTLEMENT WITH API AND AFPM OVER DEADLINES FOR ISSUING THE STANDARDS**
 - EPA MUST SEEK PUBLIC COMMENT ON THE TERMS OF THE SETTLEMENT FOR 30 DAYS BEFORE DECIDING WHETHER TO PROCEED WITH THE SETTLEMENT AND SEEK ENTRY OF THE CONSENT DECREE
- **UNDER THE PROPOSED CONSENT DECREE EPA WOULD ISSUE FINAL ANNUAL VOLUME STANDARDS FOR BOTH 2014 AND 2015**
 - EPA MUST PROPOSE VOLUME REQUIREMENTS FOR 2015 BY JUNE 1, 2015 AND;
 - FINALIZE 2014 AND 2015 STANDARDS (AND RESOLVE PENDING WAIVER PETITION FOR 2014) BY NOVEMBER 30, 2015.
- **WHILE NOT REQUIRED UNDER THE PROPOSED CONSENT DECREE, EPA ALSO ANNOUNCED THE VOLUME STANDARDS RULE WILL INCLUDE THE FOLLOWING ELEMENTS IN ADDITION TO THE REQUIREMENTS OF THE CONSENT DECREE:**
 - RE-PROPOSE VOLUME REQUIREMENTS FOR 2014 THAT REFLECT THE VOLUMES OF RENEWABLE FUEL THAT WERE ACTUALLY USED IN 2014.
 - FINALIZE STANDARDS FOR 2016 IN SAME ACTION
 - EPA WILL ALSO PROPOSE AND FINALIZE BIOMASS-BASED DIESEL VOLUME REQUIREMENT FOR 2017

LOTS OF OTHER WORK GOING ON

- EFFICIENT PRODUCER PROCESS
 - 19 APPROVALS
- NEW PETITION PATHWAY PROCESS AND WEB PORTAL
- NEW PATHWAY DETERMINATIONS
 - CORN FIBER AS CELLULOSIC
 - SORGHUM
 - BIOGAS
 - ETC.
- RECENT ADJUSTMENT TO CELLULOSIC WAIVER CREDIT PRICE DETERMINATIONS
 - GUIDANCE ON COMPLIANCE WITH CELLULOSIC STANDARDS
- ETC. ETC.....MORE TO COME

LITANY OF OTHER AREAS OF INTEREST

RIN Prices GHG / Fuel Economy E15 Wastes

Cellulosic Bio-Intermediates RVP FOIAs Small Refiner Evaluations

Mid-Level / Other Blends FFVs Transparent Fuels

E85 Lawsuits New Feedstocks Reports

Petitions Blender Pumps Congressional Co-Products

-Waivers

-Reconsiderations

New Fuels Renewable Jet New Technologies

Renewable Heating Oil / Fuel Oil Environmental Considerations Resources

Enforcement

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THANK YOU

QUESTIONS

Appendix

VOLUME STANDARDS AS SET FORTH IN EISA

(REMINDER: EPA SETS STANDARDS EACH NOVEMBER - THESE ARE THE STANDARDS PUBLISHED IN THE ACT)

Conventional
Renewable
Fuels

+

Total
Advanced
= Total
Renewable
Fuel

Advanced Biomass
Based Diesel + Non Cellulosic
Advanced + Cellulosic
Advanced = Total Advanced

Year	Conventional Renewable Fuels (Grandfathered Or 20% Reduction)	Advanced Biofuel NESTED STANDARDS				Total Renewable Fuel
		Biomass-Based Diesel (50% Reduction)	Non Cellulosic Advanced (50% Reduction)	Cellulosic Biofuel (60% Reduction)	Total Advanced Biofuel	
2008	9.00					9.0
2009	10.50	0.5	0.1		0.6	11.1
2010	12.00	0.65	0.2	0.1	0.95	12.95
2011	12.60	0.80	0.3	0.25	1.35	13.95
2012	13.20	1.0	0.5	0.5	2.0	15.2
2013	13.80	1.0	0.75	1.0	2.75	16.55
2014	14.50	1.0	1.00	1.75	3.75	18.15
2015	15.00	1.0	1.50	3.0	5.5	20.5
2016	15.00	1.0	2.00	4.25	7.25	22.25
2017	15.00	1.0	2.50	5.5	9.0	24.0
2018	15.00	1.0	3.00	7.0	11.0	26.0
2019	15.00	1.0	3.50	8.5	13.0	28.0
2020	15.00	1.0	3.50	10.5	15.0	30.0
2021	15.00	1.0	3.50	13.5	18.0	33.0
2022	15.00	1.0	4.00	16.0	21.0	36.0